

TREASURER OF STATE[781]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 556.26, the Treasurer of State hereby gives Notice of Intended Action to rescind Chapter 9, “Unclaimed Property,” Iowa Administrative Code, and to adopt a new Chapter 9 with the same title.

Existing Chapter 9 is being rescinded and a new chapter is being proposed primarily for the purpose of addressing changes that will be implemented in providing an online claims process for Great Iowa Treasure Hunt claimants. The Treasurer of State is also taking this opportunity to review the entire chapter in order to provide revisions, updates, and clarifications to existing unclaimed property rules administered by the Treasurer of State.

Any interested person may make written suggestions or comments on this proposed chapter on or before October 6, 2016. Such written materials should be directed to Adam Phillips, Treasurer of State’s Office, State Capitol, 1007 E. Grand Avenue, Room 114, Des Moines, Iowa 50319; e-mail adam.phillips@iowa.gov.

Also, there will be a public hearing on October 6, 2016, at 9 a.m. in the State Capitol, Room 116, 1007 E. Grand Avenue, Des Moines, Iowa, at which time persons may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the proposed chapter.

This chapter will impose no fiscal impact on the State.

The general waiver provisions of the Treasurer of State in 781—Chapter 19 apply to these rules.

After review and analysis of this rule making, no impact on jobs has been found.

These rules are intended to implement Iowa Code chapter 556.

The following amendment is proposed.

Rescind 781—Chapter 9 and adopt the following new chapter in lieu thereof:

CHAPTER 9 UNCLAIMED PROPERTY

781—9.1(556) Purpose. Iowa Code chapter 556 authorizes the treasurer of state to establish administrative rules that are necessary for the purpose of carrying out the provisions of Iowa Code chapter 556, the uniform disposition of unclaimed property Act.

This rule is intended to implement Iowa Code chapter 556.

781—9.2(556) Substantive interpretation. Where there is an ambiguity or conflict under Iowa Code chapter 556 as to the proper classification of any type of property or applicable period giving rise to a presumption of abandonment, the nature of the underlying obligation, regardless of the form of payment or account, shall take precedence and dictate the proper classification of the property and corresponding period of dormancy.

This rule is intended to implement Iowa Code chapter 556.

781—9.3(556) Forms. The following approved forms will be used by the unclaimed property division:

9.3(1) Claim Form, together with, as applicable, the Affidavit of Lost Certificate and Affidavit of Administration, as well as other applicable affidavits, is the form required by the division for a claimant to file and support a claim relative to unclaimed property held in custody by the division.

9.3(2) Safe Deposit Box Inventory Form is the form that may be used by holders in the inventorying and reporting of contents of safe deposit boxes reportable under the Act.

9.3(3) Holder Report Forms UP1 (also referred to as Holder Verification Form or Holder Report Cover Sheet) and UP2 are the forms holders are required to use to report unclaimed property.

9.3(4) Holder Reimbursement Form (or a form by another name that the treasurer's office distributes to reimburse an owner or holder) is the form holders are required to use to request that the state pay an owner directly or to seek reimbursement from the state in cases when the holder has paid the claim of a reappearing owner, pursuant to Iowa Code section 556.14(5) or as otherwise permitted by law.

This rule is intended to implement Iowa Code chapter 556.

781—9.4(556) Definitions. In addition to the terms defined in Iowa Code section 556.1, the following words or terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Act” means the uniform disposition of unclaimed property Act, Iowa Code chapter 556.

“Aggregate property” means individual items of intangible property with a value of less than \$50 each which have been aggregated by a holder and reported and delivered to the division in a lump sum.

“Book shares” means debt or equity securities which are maintained in book entry form only and for which no physical certificate was or is issued.

“Claimant” means a person or legal entity entitled to reclaim abandoned property in the possession of the division. A claimant may be an original owner, legal representative (other than a finder), or successor in interest.

“Contract auditor” means any person or entity engaged or hired by the treasurer or the division to provide unclaimed property examination services. “Contract auditor” includes agents, employees and any subcontractor engaged by a contract auditor or engaged by its subcontractors.

“Credits, advance payments, overpayments, refunds, or credit memoranda,” for purposes of Iowa Code section 556.1(12), means current accounts receivable of a business association that have not been reduced to a check or other form of payment. “Credits, advance payments, overpayments, refunds, or credit memoranda,” for purposes of Iowa Code section 556.1(12), shall not include uncashed checks or other unclaimed payments due and owing to a business association for its provision of goods or services, with respect to any other type of obligation.

“Custodial property” means property transferred to a custodian for a minor under the provisions of (1) the Iowa UTMA, (2) the Uniform Transfers to Minors Act, (3) the Uniform Gifts to Minors Act, or (4) a substantially similar Act of another state if, at the time of the transfer, the transferor, the minor, or the custodian is a resident of the designated state or the custodial property is located in the designated state.

“Division” means the unclaimed property division within the Iowa treasurer of state's office that has the responsibility of administering the Act.

“Dormancy fee” means a service charge, dormancy charge, inactive account fee, escheat fee, minimum balance fee, maintenance fee, unclaimed property fee, or any other charge that results in the reduction of an account balance or property value and is not directly related to a transaction initiated by an owner.

“Dormancy period” means the statutorily specified span of time after which an owner's failure to indicate an interest in property will result in the property's being presumed abandoned and subject to reporting and delivery to the division.

“Due diligence” means the efforts required to be undertaken by a holder of unclaimed property to find the rightful owner of such property before the property is delivered to the division.

“Finder” means a person hired or engaged to assist owners, heirs or other persons in the recovery of unclaimed property reported under the Act.

“Finder agreement” means an agreement to pay a fee, commission, or other compensation to a finder to identify, locate, deliver, recover, or assist in the recovery of unclaimed property reported under the Act.

“Funds for liquidation” means unclaimed funds which are held by a holder on behalf of an owner of debt or equity securities and which are owing as a result of the liquidation of the securities issuer.

“Gift certificate” means a merchandise certificate or electronic gift card conspicuously designated as a gift certificate or electronic gift card and generally purchased by a buyer for use by a person other than the buyer.

“Indication of interest” means an action by an owner with respect to the owner’s property which indicates that the owner is aware of the existence of the property and intends for the property not to be presumed abandoned. Examples of an owner’s indication of interest include, but are not limited to, the following: an owner-initiated deposit or withdrawal from an account; notification to a holder of a change of address specific to the account; an account balance or similar owner-initiated inquiry, including an account inquiry made electronically in which the owner has contemporaneously authenticated the owner’s identity; and any communication, such as written or electronic correspondence, telephone call or person-to-person conversation between an owner and a holder (or the agent of a holder), which can be documented and which reflects an owner’s awareness of the existence of the property. “Indication of interest” does not include recurring Automated Clearing House (ACH) transfers, automated postings to accounts, computer system conversions, the non-return of mail, and other actions that are not owner-initiated or do not require a direct owner response.

“Intangible property” means such property as described in Iowa Code section 556.1(12) as well as any other fixed and certain interest or right in an intangible that is held by, issued to, or owing to a holder except as otherwise expressly exempted by law.

“Iowa uniform transfers to minors Act” or *“Iowa UTMA”* means Iowa Code chapter 565B.

“Last activity date” means the last verifiable date of owner-initiated activity or contact with the holder with respect to unclaimed property.

“Matured bond principal” means unclaimed funds which are held by a holder for a bond holder pending the bond holder’s redemption of debt securities.

“Retained asset account” means any mechanism whereby the settlement of proceeds payable under a life insurance policy is accomplished by deposit by the insurer, or an entity acting on behalf of the insurer, depositing the proceeds into an account with check- or draft-writing privileges, where those proceeds are retained by the insurer pursuant to a supplementary contract not involving annuity benefits.

“Tangible property” means the physical contents of a safe deposit box or other safekeeping repository, or physical items held as collateral by a banking organization, financial organization, or business association, that are reportable and deliverable to the division.

“Treasurer” means the treasurer of the state of Iowa.

“Undelivered shares” means unclaimed physically issued debt or equity securities which were returned to the issuer by the post office as undeliverable or which were otherwise never delivered into the possession of the owner.

“Underlying shares” means unclaimed physically issued debt or equity securities which are presumably in the possession of an owner.

“Unexchanged shares” means unclaimed debt or equity securities which are held by a holder on behalf of an owner, pending the owner’s surrender of obsolete debt or equity securities in conjunction with an acquisition, merger, recapitalization, or similar mandatory corporate action.

This rule is intended to implement Iowa Code section 556.1.

781—9.5(556) Dormancy fees and related charges.

9.5(1) Iowa Code chapter 556 authorizes the following dormancy fees:

a. Lawful charges withheld from abandoned demand, savings, or matured time deposits held by a financial organization.

b. Charges on unpresented traveler’s checks and money orders, when a valid and enforceable contract to assess the charges exists, and the issuer regularly imposes such charges and does not regularly reverse or otherwise cancel such charges for the benefit of the owner.

c. Charges on unpresented checks, drafts, or similar instruments on which a financial organization is directly liable, when a valid and enforceable written contract to assess the charges exists, and the holder

regularly imposes such charges and does not regularly reverse or otherwise cancel such charges for the benefit of the owner.

d. Deductions from the face value of a gift certificate or gift card resulting from untimely presentment or usage, when a valid and enforceable written contract was provided in conjunction with the issuance of the gift certificate or gift card, and the issuer of the gift certificate or gift card regularly imposes and does not regularly reverse or otherwise cancel the deduction for the benefit of the owner.

9.5(2) Dormancy fees not authorized by Iowa Code chapter 556, including but not limited to an escheat fee or other fee sought for the holder's performance of the requirements of Iowa Code chapter 556, are prohibited.

9.5(3) All dormancy fees assessed against an unclaimed account must be disclosed in the report of unclaimed property filed with the division even if the assessment of the dormancy fee reduces the owner's reportable unclaimed balance to less than \$50.

This rule is intended to implement Iowa Code chapter 556.

781—9.6(556) Reporting and delivery of safe deposit box contents.

9.6(1) Safe deposit boxes or other safekeeping depositories that have been abandoned shall be opened and inventoried in the presence of at least two employees of the holder.

9.6(2) The holder shall list the contents of each box inventoried and provide that list to the division. The Safe Deposit Box Inventory Form, or other form approved by the division, or any financial institution's internal inventory form shall be used and provided to the division.

9.6(3) The property and a copy of the inventory shall then be sealed and maintained in safekeeping until delivered to the owner or to the division when required by the Act. The holder may not convert the property to cash or reduce cash property to check; all property is to be delivered in its original form and "as is" to the owner or, if required, to the division.

9.6(4) Property transferred to the division shall be packaged in a reasonably protective manner to prepare for transportation to the division. Property should be delivered to the division via certified mail or insured courier. The holder assumes all risk of loss pending receipt of the property by the division. In the case of hazardous materials or weapons, including handguns, holders shall contact the division and follow any special instructions for handling such items.

This rule is intended to implement Iowa Code section 556.2.

781—9.7(556) Reporting of stocks—non-freely transferable securities. A holder is not required to report or deliver to the division a security identified by the holder as a non-freely transferable security. Not later than ten days after the division or the holder determines that the security is no longer a non-freely transferable security, the holder must deliver the security to the division. The holder shall make a determination annually whether a security that has not been reported or delivered to the division on the basis that it is non-freely transferable is no longer non-freely transferable.

This rule is intended to implement Iowa Code section 556.5.

781—9.8(556) Reporting of individual retirement accounts (IRAs) and other retirement accounts.

9.8(1) The reporting and delivery of property in an individual retirement account, defined contribution plan, defined benefit plan, retiree benefit plan, or other account or plan that is qualified for tax deferral under the income tax laws of the United States shall be extended until three years after the earliest of the following has occurred:

- a.* The date of unsuccessful distribution, with no subsequent indication of interest by the owner;
- b.* The date of the required distribution, as stated in agreements governing the account;
- c.* The date specified in the income tax laws of the United States by which a distribution must occur in order for the owner to avoid a tax penalty; or
- d.* The owner's reaching the age of 70½ years.

9.8(2) In reporting property covered in rule 781—9.8(556), holders shall include the name, address, and social security number of the account beneficiary, to the extent such information is known.

This rule is intended to implement Iowa Code section 556.7.

781—9.9(556) Reporting of certificates of deposit and other time deposits. If an automatically renewable time deposit or nonrenewable time deposit is deemed abandoned prior to its initial maturity, the time for the reporting and delivery of the time deposit to the division will be extended to the date of maturity or three years from the date on which the abandonment period commenced, whichever is later.

This rule is intended to implement Iowa Code section 556.7.

781—9.10(556) Indication of interest by an owner in a certificate of deposit or other time deposit.

9.10(1) The following acts by the owner of a time deposit shall rebut a presumption of abandonment of the time deposit:

a. Consent in writing to a renewal of the time deposit at or about the time of renewal and signed by the owner, given by delivery of the original or a signed copy in a format reasonably acceptable to the division, or demonstrated by the existence of a memorandum or other record on file with the holder made at the time of renewal; or

b. The owner, within three years after the earlier of the maturity date or the date of the owner's last indication of interest in the deposit, has:

(1) Increased or decreased the amount or presented the passbook or other similar evidence of the deposit for the crediting of interest due;

(2) Communicated in writing with the financial organization concerning the time deposit, including requesting that the time deposit be redeemed;

(3) Otherwise demonstrated an indication of interest in the deposit as evidenced by a memorandum or other record on file prepared by an employee of the financial organization;

(4) Owned other property to which subparagraphs 9.10(1) "b" (1), (2), and (3) above apply and the financial organization communicates with the owner about the deposit that would otherwise be presumed abandoned under this subrule in writing at the address to which communications regarding the other property regularly are sent; or

(5) Had another relationship other than time or demand deposits, such as, but not limited to, a safe deposit box, mortgage, stocks, bonds, or other investments, with the financial organization concerning which the owner has:

1. Communicated in writing with the banking or financial organization; or

2. Demonstrated an indication of interest as evidenced by a memorandum or other record on file prepared by an employee of the financial organization.

9.10(2) Consent to renewal of a time deposit shall be presumed and the owner will be deemed to have demonstrated an indication of interest in a time deposit when the financial organization sends the owner notice of the renewal via first-class mail, address correction requested, and the notice is not returned to the financial organization by the post office for reason of nondelivery; provided, however, the financial organization must maintain a system for tracking and documenting return mail.

9.10(3) The date on which the owner has last demonstrated an indication of interest in and awareness of the owner's time deposit, as defined in paragraph 9.10(1) "a" above, or the date of maturity if no conduct evidencing such interest is made, whichever is earlier, shall begin the three-year abandonment period. However, when a written communication mailed to an owner is returned marked "undeliverable" or "unclaimed," the date of receipt by the financial organization of the returned mailing shall be deemed to begin the abandonment period. When periodic interest checks are issued on a time deposit, the abandonment period will commence on the date of an uncashed interest check, and the time deposit will be considered abandoned if all subsequent interest checks continue to remain uncashed through the entire statutory abandonment period, unless there is other conduct by the owner demonstrating an indication of interest in the time deposit as specified elsewhere in rule 781—9.10(556) and applicable statutory law.

This rule is intended to implement Iowa Code section 556.7.

781—9.11(556) Reporting of retained asset accounts. Funds held in a retained asset account maintained by a life insurance company on behalf of a beneficiary shall be reported and delivered to the

division if the beneficiary has failed to take such actions demonstrating an indication of interest in the account for a period of three years.

This rule is intended to implement Iowa Code section 556.9.

781—9.12(556) Reporting of tax-advantaged college savings accounts. Property held in a plan described in Section 529A of the Internal Revenue Code or held in an account or plan that qualifies for tax deferral under the income tax laws of the United States is presumed abandoned if it is unclaimed by the owner three years from the later of:

9.12(1) The date a second item sent to the owner by first-class mail was returned as undeliverable by the United States Postal Service (USPS), unless a later mailing by first-class mail to the apparent owner was not returned as undeliverable or, for an apparent owner not receiving communications from the holder by first-class mail, the date of the last indication to the holder by the apparent owner of interest in the property; or

9.12(2) Thirty years have elapsed after the date the account was opened.

This rule is intended to implement Iowa Code section 556.7.

781—9.13(556) Reporting of unused gift certificate balances.

9.13(1) Except as provided in subrules 9.13(2) and 9.13(3), an unused balance on a gift certificate is reportable five years from date of issuance of the gift certificate or last usage, whichever is later.

9.13(2) An unused balance on a gift certificate that is not redeemable for cash, which was issued prior to July 2, 2014, is reportable five years from the date of issuance of the gift certificate or last usage, whichever is later.

9.13(3) An unused balance on a gift certificate that is not redeemable for cash, which was issued after July 1, 2014, and is not subject to expiration or service fees, is not subject to reporting and delivery under Iowa Code chapter 556.

This rule is intended to implement Iowa Code section 556.9.

781—9.14(556) Reporting of property owed to beneficiaries.

9.14(1) Where a holder has made a determination that the owner of property presumed abandoned is deceased and account documents governing the property provide for a designated beneficiary or beneficiaries, the holder shall, after first attempting to contact the beneficiary or beneficiaries, and after such beneficiary or beneficiaries have failed to make an indication of interest through the applicable dormancy period as measured from the last indication of interest by the decedent, report the property to the division with the beneficiary or beneficiaries listed as the owner or owners.

9.14(2) The report of property presumed abandoned and owing to a designated beneficiary or beneficiaries shall include the name of the deceased owner as well as, if known by the holder, the relationship between the beneficiary or beneficiaries and the owner.

9.14(3) Where there is more than one designated beneficiary for a deceased owner, the holder shall indicate the percentage of the property presumed abandoned due each respective beneficiary. Where the holder has previously paid one or more beneficiaries but one or more beneficiaries' entitlements remain unclaimed, the holder shall report the name of each beneficiary previously paid as well as the amount of property received by each beneficiary from the holder.

This rule is intended to implement Iowa Code sections 556.3 and 556.7.

781—9.15(556) Reporting of life insurance policies deemed matured by the insured's reaching the limiting age.

9.15(1) A life insurer reporting policy proceeds deemed matured by reason of the insured's reaching the applicable limiting age under the policy shall report the owner of the policy as the owner of the policy proceeds.

9.15(2) A report of policy proceeds deemed abandoned by reason of the insured's reaching the limiting age shall include the name of any beneficiary or beneficiaries designated by the insured.

This rule is intended to implement Iowa Code section 556.3.

781—9.16(556) Reporting of life insurance policies deemed matured by use of the death master file. In accordance with Iowa Code section 507B.4C(7), if an insurer identifies a person as deceased through a death master file match, validates such information through a secondary information source, and is unable to locate a beneficiary following reasonable efforts as described in that statute, the insurer may report and remit the proceeds of the policy, annuity, or retained asset account due to the state prior to the dates that would otherwise be required for such reporting and remittance under Iowa Code chapter 556. An insurer acting pursuant to Iowa Code section 507B.4C(7) shall provide with the insurer's report to the division documentation sufficient to show that all the requirements of that section have been met, including but not limited to details of any death master file match.

This rule is intended to implement Iowa Code sections 556.2, 556.3, 556.7, and 556.9.

781—9.17(556) Calculation and payment of owner entitlements to interest.

9.17(1) The presumption of abandonment of property shall not relieve a holder of its obligation to continue to pay interest on interest-bearing property, until such time as the property is transferred to the custody of the division.

9.17(2) A holder shall calculate and report the actual amount of interest owed to an owner. The holder may estimate its interest obligation for the period immediately preceding the delivery of the report and remittance to the division, provided that the period for which interest is estimated does not exceed 30 days.

This rule is intended to implement Iowa Code sections 556.2, 556.3, 556.7, and 556.9.

781—9.18(556) Information required to be included in report.

9.18(1) Every Holder Report Form submitted to the division must include, to the extent such information is available to the holder, the following information:

- a. The owner's (and as applicable/available, the beneficiary's) name;
- b. The owner's (and as applicable/available, the beneficiary's) last-known address;
- c. The owner's (and as applicable/available, the beneficiary's) social security number or Federal Tax Identification Number;
- d. Account number, policy number, or other similar account relationship identifier;
- e. Check number, certificate number, or other similar property identifier;
- f. Date of owner's last indication of interest;
- g. Date the property became payable or distributable;
- h. In the case of joint owners, the relationship of the owners (joint owners, sole owner, etc.); and
- i. As applicable and as known to the holder, an indication that the owner is deceased, as well as the date of death of the owner and the source of decedent information.

9.18(2) The division may determine that the information included in the Holder Report Form is nonconforming and may require that a holder revise its report in circumstances where the Holder Report Form:

- a. Does not include complete information;
- b. Does not reconcile to the property remittance;
- c. Is not verified;
- d. Is not verified by the appropriate individual as required by statute;
- e. Reflects unauthorized service or other owner charges assessed by the holder;
- f. Includes property which is not subject to Iowa Code chapter 556; or
- g. Was not filed electronically or has been filed electronically and cannot be read or converted by the division.

This rule is intended to implement Iowa Code section 556.11.

781—9.19(556) Early reporting of unclaimed property.

9.19(1) A holder may request permission to report and deliver property to the division before it is presumed abandoned by sending a written request to the division.

9.19(2) The request must identify the property to be reported and delivered and the reasons for requesting permission to report and deliver the property prior to the date it is presumed abandoned.

9.19(3) The division may, at its sole discretion, consent to early reporting and delivery according to terms and conditions prescribed by the division.

This rule is intended to implement Iowa Code section 556.11.

781—9.20(556) Owner notification and holder due diligence. Holders shall exercise reasonable and necessary due diligence consistent with good business practice in attempting to reactivate dormant accounts and to locate owners of unclaimed property. If a holder fails to undertake due diligence as required by Iowa Code section 556.11, the holder will not have met the good-faith reporting standard of Iowa Code section 556.14 and the division will not be obligated to defend the holder against any claim of liability.

This rule is intended to implement Iowa Code section 556.11.

781—9.21(556) Reporting aggregate amounts to the division. Holders may report in aggregate to the division items of property with a value of under \$50. Holders are encouraged not to aggregate unclaimed dividend checks, oil royalties, and other payments of a recurring nature, regardless of the item value.

This rule is intended to implement Iowa Code section 556.11.

781—9.22(556) Property held by a third party. A holder may contract with a third party to hold property, provide payment services and report unclaimed property; however, such arrangements shall not relieve the holder from complying with all requirements of this chapter and Iowa Code chapter 556. The holder remains at all times responsible for the complete, accurate and timely reporting and delivery of property presumed abandoned and other duties as provided for under this chapter and Iowa Code chapter 556.

This rule is intended to implement Iowa Code chapter 556.

781—9.23(556) Regulation of finders.

9.23(1) Pursuant to Iowa Code section 556.11(10), agreements or contracts between finders and owners to pay compensation to recover or assist in the recovery of abandoned property are unenforceable if made within 24 months of the date the property was received by the division. Additionally, if a holder is in possession of property that has been deemed abandoned but has not yet been timely reported and delivered to the division, an agreement to pay compensation to recover or assist in the recovery of such property is unenforceable. In no case shall the finder fees or compensation exceed 15 percent of the amount of the property subject to claim.

9.23(2) A claim form signed by a finder shall not be reviewed by the division. The apparent owner or owner's legal representative shall make direct contact with the division and sign the claim form. All communication regarding the claim will be sent to the claimant. A signed, dated and notarized copy of any original agreement or contract between a finder and an owner shall be included with the filing of any claim. Handwritten agreements or contracts will not be accepted. To be valid, the agreement must disclose the nature and value of the property and the name and address of the person in possession.

9.23(3) Owner information shall be reproduced at least annually in a format to be determined by the treasurer and shall be provided to anyone requesting the information for a fee of \$20 per copy. The fee shall be paid in the form of an official check or money order and made payable to the State of Iowa. All fees for owner information shall be received by the division before the owner information is made available.

This rule is intended to implement Iowa Code section 556.11.

781—9.24(556) Disposition of safe deposit box contents.

9.24(1) Except as stated in subrules 9.24(2) and 9.24(3), the contents of safe deposit boxes and other tangible property received by the division shall be held by the division for not less than one year, after which time the property may be sold, held, or destroyed.

a. No employee, person related to an employee of the Iowa treasurer of state living in the same household, or contractor that provided appraisal services may directly or indirectly bid on safe deposit box contents or other tangible property offered for sale by the division.

b. For purposes of this subrule, “related to an employee” shall mean the employee’s spouse, child, stepchild, grandchild, parent, stepparent, sibling, stepsibling, or spouse of any of the foregoing persons.

9.24(2) Medals awarded for military service in the armed forces of the United States shall not be auctioned.

9.24(3) If the treasurer determines, after investigation and after an attempt to dispose of the unclaimed property in accordance with the Act, that the probable cost of sale exceeds the value of the property, the treasurer may destroy or otherwise dispose of the property at any time.

This rule is intended to implement Iowa Code section 556.17.

781—9.25(556) Filing of owner claims.

9.25(1) All claims for abandoned property shall be filed with the division on the division’s claim form or through such other means or process as the division finds acceptable.

9.25(2) The claim form shall be completed in its entirety and must include the following information:

a. Social security number or Federal Tax Identification Number, or both, of every claimant;

b. Name, complete mailing address, telephone number and e-mail address, if applicable, of every claimant;

c. Signature of claimant(s). If the claim includes stock(s) or safe deposit box contents, the signature must be notarized. The treasurer may set through policy a cash claim limit which requires a signature to be notarized.

9.25(3) The treasurer shall consider any claim filed under the Act.

This rule is intended to implement Iowa Code section 556.19.

781—9.26(556) Documentation of claims by individuals. A claimant may be required to provide the following supporting documentation with claims, as applicable, if the claim is being made by the person that is set forth as the apparent owner of the unclaimed property in the report filed with the division:

9.26(1) A copy of the claimant’s driver’s license or other government-issued identification.

9.26(2) A copy of a document verifying the claimant’s social security number. Examples include a social security card and a federal Form W-2.

9.26(3) A document showing the claimant’s address as it was reported to the division may be required if the holder did not report the social security number to the division. Examples of relevant documentation include a federal Form W-2, pay stub, bank statement, expired driver’s license, stock certificate, college transcript, report card, marriage certificate, divorce decree, birth certificate, or an original (not a copy) of a postmarked envelope addressed to the claimant.

9.26(4) If the claimant’s name has changed, copies of supporting documentation showing the name change.

9.26(5) If the property subject to claim is a joint account, each surviving claimant may be required to provide:

a. The information in subrules 9.26(1) to 9.26(4) for each joint owner, or such alternative documentation as the division may at its sole discretion deem acceptable; or

b. Where one or more joint owners are deceased, an official copy of the deceased joint owner’s death certificate.

9.26(6) If the property subject to claim is being claimed in the capacity of a guardian or conservator or under a power of attorney, the claimant may be required to provide:

a. A copy of the letter of appointment;

b. Documentation identifying the guardian/custodian and the owner; and

c. If the owner is a minor, an official copy of the owner’s birth certificate and a document verifying the owner’s social security number. No power of attorney filed by a finder will be recognized by the division for the purpose of making a claim.

9.26(7) If the property subject to claim is a security, in addition to the documentation required by this rule, the claimant may be required to provide the original stock certificate(s), a surety bond that is acceptable to the division, or an affidavit of lost certificate.

9.26(8) If the owner of the property subject to claim is deceased, an Affidavit of Administration must be completed by the claimant.

a. If the property subject to claim is being claimed in the capacity of an executor or administrator, the claimant may be required to submit evidence as outlined in the Affidavit of Administration as provided by the treasurer of state. In this situation, the payment will be made to the estate of the rightful owner.

b. If the property subject to claim is being claimed by an heir (either under a valid will or under Iowa probate law), the claimant(s) may be required to submit evidence outlined in the Affidavit of Administration as provided by the division. Each heir will be paid separately. At the discretion of the division, one heir can accept payment for all heirs.

This rule is intended to implement Iowa Code section 556.19.

781—9.27(556) Documentation of claims by business entities.

9.27(1) A business may be required to provide the following supporting documentation with its claims, as applicable:

a. Proof, as deemed suitable by the division, that the person signing the claim form is an officer of the business and has the authority to conduct business on behalf of the entity, such as corporate resolution or other documentation deemed suitable by the treasurer.

b. Documentation setting forth the claimant's federal Employer Identification Number (EIN).

c. A copy of the claimant's biennial report as filed with the office of the secretary of state or a copy of a current corporate tax return.

9.27(2) Claimants filing on behalf of businesses that are no longer in existence must additionally provide documentation that the claimant is the bona fide successor in interest to the rights of the discontinued business entity with respect to the property being claimed.

This rule is intended to implement Iowa Code section 556.19.

781—9.28(556) Claims for which the apparent owner of property is an unincorporated association that has been dissolved. A claim to property for which the apparent owner is an unincorporated nonprofit association that has been dissolved may be made by a person authorized to claim the property in accordance with the dissolved association's bylaws or governing principles or as proven by other documentation as deemed suitable by the division.

This rule is intended to implement Iowa Code section 556.20.

781—9.29(556) Certification of entitlement by claimant. The claimant shall affirmatively certify that the claimant is the true owner of the unclaimed property and agree to hold harmless and indemnify the division, its employees, and the state in the event of a superior claim to such property by another claimant or person.

This rule is intended to implement Iowa Code section 556.19.

781—9.30(556) Claims by holders for owner reimbursements. A holder may request payment from the division under the circumstances set forth below. Regardless of whether the holder is represented by a bona fide third party, the claim must be signed by an officer of the holder. A third party may not act on behalf of the holder to request payment from the division unless such third party provides evidence satisfactory to the division in its sole discretion that such third party is acting as the holder's bona fide representative through general power of attorney, court designation, or similar legal authority.

9.30(1) The holder has made payment to the apparent owner and filed proof of payment with the division for such a reclaimed asset. As a condition precedent to receiving reimbursement from the division, the holder shall assume liability for the reclaimed assets and indemnify and hold harmless the division from all future claims related to the reclaimed assets.

9.30(2) The holder directs the division to make payment directly to the rightful owner. The holder shall assume liability for the claimed asset and indemnify and hold harmless the division from all future claims related to the claimed asset.

9.30(3) The holder reported the asset in error. As a condition for receiving reimbursement from the division, the holder shall assume liability for the reclaimed asset and indemnify and hold harmless the division from all future claims related to the reclaimed asset.

This rule is intended to implement Iowa Code section 556.19.

781—9.31(556) Claims to custodial property under the Iowa UTMA or similar Acts.

9.31(1) A claim to custodial property may be made by the custodian of the property, or the legal representative thereof, provided that the minor has not yet reached the age of 21 years.

9.31(2) Upon reaching the age of 21 years, a minor may file a claim to custodial property.

This rule is intended to implement Iowa Code section 556.19.

781—9.32(556) Claim of another state to property in the custody of the treasurer of state.

9.32(1) If property is received by the division and the division is aware that the property is subject to a superior claim of another state, the division may:

- a.* Report and deliver the property to the other state; or
- b.* Return the property to the holder so that the property may be paid or delivered to the other state.

9.32(2) Except for an agreement to indemnify the state of Iowa, no formal agreement shall be required of the division to undertake such transfer to the correct state.

This rule is intended to implement Iowa Code section 556.20.

781—9.33(556) Claimant interest in unclaimed property.

9.33(1) The division shall have the exclusive authority to determine a claimant's interest in unclaimed property.

9.33(2) Absent an order of a court of competent jurisdiction or by operation of the Iowa probate code or other applicable law, an owner's interest in unclaimed property held by the division may not be transferred to a third party except in the following circumstances:

- a.* As a remnant asset in bankruptcy;
- b.* Under an agreement that assigns the apparent owner's interest in the unclaimed property where the agreement is otherwise valid and meets the following criteria:
 - (1) The agreement is made at least 24 months after the date payment or delivery is made under Iowa Code section 556.13;
 - (2) The agreement is in writing and signed by the apparent owner; and
 - (3) The agreement discloses the nature and value of the property and the name and address of the person in possession of the property.

9.33(3) For the purposes of the Act, a money judgment against an apparent owner does not create an interest in the specific property held by the division on behalf of the apparent owner.

This rule is intended to implement Iowa Code section 556.19.

781—9.34(556) Approval of claims. Each claim submitted to the division is subject to the approval process outlined below. Claims over a cash value of \$5,000 must be authenticated either electronically or through such other or additional approval process as may be determined by the division. The treasurer may enter into a contract with a suitable third party that provides identity authentication. Claims over a cash value of \$5,000 must receive an additional level of approval from a division manager.

9.34(1) Cash claims that pass electronic authentication will be considered approved. The treasurer may implement a dollar threshold which would require a review by a division staff person.

9.34(2) Cash claims not subject to the dollar limit threshold that do not pass electronic authentication will be subject to one level of approval by division staff authorized to approve claims at this level. If the claimant does not provide adequate documentation, division staff will communicate with the claimant

explaining what documentation is missing. Level One approval shall then be applied only if all required documentation is subsequently submitted by the claimant.

9.34(3) Cash claims subject to the dollar limit threshold, claims involving the transfer of stock or mutual fund share, or claims involving the delivery of safe deposit box contents will be subject to two levels of approval by division staff authorized to approve claims. If the claimant does not provide adequate documentation, division staff will communicate with the claimant explaining what documentation is missing. Level One approval shall then be applied only if all required documentation is subsequently submitted by the claimant. Level Two approval shall be obtained from the division staff person(s) designated to approve claims at this level.

This rule is intended to implement Iowa Code section 556.19.

781—9.35(556) Process for payment of claims.

9.35(1) Claims shall be paid as follows:

a. In the case of cash claims, final approval shall cause the claim to become part of the settlement process. The settlement file will be submitted to the department of administrative services for payment. State warrants will be mailed or may be obtained from the treasurer's office. At the treasurer's discretion, the division may electronically deliver funds to a claimant's financial institution account.

b. In the case of a claim requiring the transfer of securities, final approval shall result in the division's sending a letter to a third-party agent responsible for the transfer of ownership of the stocks/mutual funds, instructing the agent to have ownership of the appropriate number of shares of the property reregistered in the name of the claimant.

9.35(2) In the case of safe deposit box contents that have not been liquidated, the claimant may assume physical custody of the contents from the division. The claimant may also request that the contents be mailed to the claimant. Any contents mailed to claimants will be sent via the United States Postal Service (USPS) or other suitable delivery service. The division is not responsible for items lost, damaged, or not delivered by the delivery service.

9.35(3) Payment for all claims made to an owner who has been assisted by a finder shall be made only to the owner and in no instance to the finder.

This rule is intended to implement Iowa Code section 556.19.

781—9.36(556) Surety bonds. If the property subject to claim is a security and the original stock certificate is not available, in addition to the documentation required by rules 781—9.25(556) and 781—9.26(556), the claimant may be required to complete the Affidavit of Lost Certificate. The treasurer of state may require the claimant to furnish the treasurer with a surety bond containing terms and provisions acceptable to the treasurer and issued by a corporate surety. The claimant shall be responsible for all premiums, costs, fees or other expenses associated with any such surety bond.

This rule is intended to implement Iowa Code section 556.20.

781—9.37(556) Examination of holders. The division may conduct an examination of a holder if the division has reason to believe a holder has failed to report or has filed an incomplete report of unclaimed property pursuant to the Act.

9.37(1) *Examination and review.* The treasurer may authorize employees of the treasurer or contract auditors to conduct examinations and review records in the course of an examination.

9.37(2) *Examination entrance letter.* The division shall send an examination entrance letter to holders selected for examination.

9.37(3) *Examination records request.* Holders subject to examination are required to comply with any and all requests for records that are made by the division or any contract auditor conducting an examination.

9.37(4) *Examination entrance conference.* The division, at its option, may conduct an examination entrance conference with a holder in conjunction with the commencement of an examination, at which the division shall identify the examination period and describe the general examination methods that will be used including, but not limited to, any estimation techniques that may be utilized.

9.37(5) Estimation. The division may use estimation techniques where no holder records exist, the records are insufficient to determine the holder's unreported obligations, or the holder fails to provide the division with records necessary to perform an examination.

This rule is intended to implement Iowa Code section 556.23.

781—9.38(556) Report of examination findings.

9.38(1) Report of the examination findings. Upon completion of an examination, the division shall provide a written report reflecting the total unclaimed property reporting liability and, pursuant to the Act, any interest due on amounts due and owing for failure to report and deliver property due and payable for prior years. The division has the discretion to hold a conference with the holder to provide the written report.

9.38(2) Delivery of examination findings by the holder. Unless the holder timely appeals the findings set forth in the division's report of examination, the holder shall deliver to the division within 30 calendar days any unclaimed property and interest due to the division based upon the examination findings.

9.38(3) Examination closure letter. Upon receipt of the examination report and delivery of unclaimed property resulting from the examination, the division shall issue an examination closure letter informing the holder that the examination is closed.

This rule is intended to implement Iowa Code section 556.23.

781—9.39(556) Appeal of examination findings. A holder may appeal the examination findings of the division.

9.39(1) The holder may utilize the appeals process after the holder receives the examination report from the division.

9.39(2) Failure of a holder to submit an appeal request within 30 calendar days of the holder's receipt of the examination report shall constitute the holder's acceptance of the division's findings and the obligation to report and deliver such findings.

9.39(3) The holder shall submit to the division a written request for an appeal along with all supporting documentation.

9.39(4) The division shall contact the holder and schedule an appeal meeting within 20 calendar days of receipt of the holder's appeal request.

9.39(5) An appeal review shall be conducted, at which time the holder shall present evidence supporting the holder's basis for the appeal.

9.39(6) Based on the evidence and additional information presented during the appeal, the division will render a final decision. Such final decision will be in writing and sent to the holder within 30 calendar days of the appeal meeting.

9.39(7) Within 30 calendar days of the date of issuance of the division's final decision, the holder shall file a report with the division and deliver unclaimed property to the division reflecting the unclaimed property reporting liability and interest due on amounts due and owing as determined by the division.

This rule is intended to implement Iowa Code section 556.23.

781—9.40(556) Entering into contracts with contract auditors. The treasurer may enter into contracts with persons, pursuant to procedures prescribed by the treasurer, for the sole purpose of examining the records of holders to determine compliance with the Act. The treasurer may consider any relevant factors when entering into a contract for services requested in the performance of an unclaimed property examination.

This rule is intended to implement Iowa Code chapter 556.

781—9.41(556) Contract auditor guidelines. Contract auditors shall adhere to the following guidelines.

9.41(1) Contract auditors shall not participate in examinations in which such participation could be construed or perceived as a conflict of interest. Should the contract auditor believe that the contract auditor could not conduct an assigned examination due to a conflict of interest or for any other reason,

the contract auditor shall notify the division. The division shall then determine whether recusal of the contract auditor from the assignment is appropriate or necessary. If the contract auditor is recused from conducting the examination of a holder, another contract auditor may be assigned.

9.41(2) Contract auditors shall maintain strict confidentiality of any nonpublic records or documents gathered during the course of an examination in accordance with the auditors' contract. Upon the request of a holder under audit by a contract auditor, the contract auditor will provide the holder with information concerning the contract auditor's data security protocols to the extent reasonably necessary to demonstrate that the holder's records will be secure in the possession of the contract auditor.

9.41(3) Contract auditors shall properly document their review and make their working papers gathered during examinations available on demand for review by the treasurer and the attorney general's office.

9.41(4) Upon request, contract auditors shall provide the holder with relevant copies of working papers supporting any calculation made of unclaimed property reportable and deliverable to the treasurer.

9.41(5) Contract auditors shall maintain working papers for a minimum of seven years following the completion of the examination assignment, the delivery of unclaimed property, the resolution of any appeal, or the finality of judgment in any litigation, whichever is later.

9.41(6) Contract auditors shall conduct examinations consistent with the Act and other applicable law, policies of the treasurer, generally accepted accounting principles, generally accepted auditing standards, and any relevant examination rules promulgated pursuant to the Act as they relate to the reporting and delivery of unclaimed property from holders or persons.

This rule is intended to implement Iowa Code chapter 556.

781—9.42(556) Holder voluntary disclosure of unreported property.

9.42(1) The division may offer a holder Voluntary Compliance Self-Audit (VCSA) program in order to facilitate compliance by holders that have never reported unclaimed property or have substantially underreported unclaimed property.

9.42(2) The operation of the VCSA program process will be conducted as follows. The division will promulgate terms, conditions and forms for the VCSA program. A holder shall provide all required information in the format determined by the division in order to participate in the VCSA program. The division will have the discretion to approve or reject a VCSA submission. An incomplete VCSA submission will result in disapproval of the submission.

9.42(3) The division will not impose any interest or penalties for property reported under an approved VCSA submission.

This rule is intended to implement Iowa Code chapter 556.

781—9.43(556) Holder amnesty program. The division may offer a holder amnesty program in order to facilitate compliance by holders that have never reported unclaimed property or have not reported in the last three years. The treasurer may provide notification of an amnesty program via the treasurer's Web site. The treasurer may waive interest and penalties for the amnesty program.

This rule is intended to implement Iowa Code chapter 556.